

CO2/Fuel Economy Key Points

I. **GLOBAL CLIMATE: We recognize the concerns and are addressing them in our plants and products.**

- In our auto manufacturing plants, automakers have committed to **reducing greenhouse gas intensity by 10%** by 2012.
- Regarding our products, automakers are **investing millions of dollars each year in many different types of fuel-efficient technologies**. Burning fuel creates CO₂, so the only ways to reduce CO₂ from autos are to reduce the size of the U.S. vehicle fleet, to drive less or to use less fuel in vehicles.
- CA's AB 1493 regulation will have **no measurable effect on global climate**. Even if the California regulation could be achieved in all 50 states (which is not realistic), it would not change the climate in the U.S. because CO₂ would only be reduced by about 1% globally.
- **Carbon dioxide is not smog**. Smog is formed by emissions like NO_x and HC—not by CO₂. Automakers have already reduced smog-forming emissions from autos by 99% since the 1970s. Unlike smog, carbon dioxide poses no health risk. Nonetheless, individual vehicle CO₂ emissions have declined 56% from cars and 44% from light trucks during that time.

II. **FUEL ECONOMY: Fuel-efficiency is already increasing, today and in the future.**

- Automakers sell more than **100 models that achieve more than 30 MPG** on the highway, according to EPA estimates.
- All models on sale today are **available with fuel-efficient technologies**, such as cylinder deactivation, variable valve timing, continuously variable transmissions and more.
- More than 50 models of **advanced technology vehicles** are in development or on sale, including hybrid-electric vehicles, clean diesel, hydrogen internal combustion engines and fuel cells.
- The 2005 Energy Bill includes **consumer tax incentives** to help increase the number of advanced technology vehicles on our roadways. States have adopted their own consumer incentives to further accelerate the introduction of advanced technology autos.
- The federal government is in the process of **increasing nationwide fuel economy standards** for light trucks for seven years in a row (2005-2011).

III. **CONSUMERS: It is important to preserve an affordable range of automobiles for families and businesses.**

- Under CA's AB 1493 regulation, consumers would **pay an average of at least \$3,000** more for a new auto.

CONSUMERS (continued)

- Only a handful of today's models could meet the CA regulation if it were in effect now, so consumers could expect to see **fewer models to choose from** under the CA regulation
- In 2004, 58% of new vehicle sales were minivans, SUVs and pickups, demonstrating that **consumers favor light trucks**.
- The CA regulation will **hurt those people who depend most on large cars, pickups, SUVs and minivans**, including farmers, trades people, large families and small business owners.

IV. NATIONAL POLICY: We need a consistent national policy for fuel economy, and this nationwide policy cannot be written by a single state or group of states.

- Federal laws exist to avoid a confusing and conflicting mix of state laws. There would be **marketplace chaos** if states mandated which products could be sold within their boundaries. Consumers would suffer higher prices and severely restricted choice of automobiles if each state were deciding for itself which new vehicles can be sold.
- **NHTSA has sole authority to set a uniform, national fuel economy standard.** NHTSA underscored this fact when issuing its notice of CAFE reform on August 23, 2005.
- When setting "maximum feasible" fuel economy standards for the nation, NHTSA considers **technological feasibility, safety, affordability, emissions, consumer choice and effects on American jobs**. By contrast, California did not adequately consider any of these factors. A consistent national policy makes most sense to avoid such policy oversights.
- The **federal Clean Air Act only allows California to regulate specific air pollutants**, such as NO_x and HC, in order to address unique pollution challenges found in parts of CA. Carbon dioxide is not a pollutant, not a smog-forming emission and not regulated under the Clean Air Act.

V. ENVIRONMENT: Addressing carbon dioxide should not harm air quality.

- CA's AB 1493 regulation will have the **unintended consequence of resulting in more smog** than would otherwise exist. Because new autos will be more costly under the CA regulation, consumers will hold on to older, higher emitting autos longer, thereby slowing the trend of declining smog-forming pollutants.
- Unintended consequences, such as the negative impact on smog, underscores why a **consistent nationwide policy is needed**. Individual states should defer to the federal government to implement a comprehensive, nationwide energy policy, instead of a patchwork of ineffectual GHG requirements.